



4th Quarter 2012
Financial Results Conference Call & Webcast
March 28, 2013

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David Cutler

President & CEO

 **Centric Health**

Agenda





1. Q4 Highlights
2. Progress on Key Priorities
3. Financial Review
4. Outlook
5. Questions

Strength of the Platform



- Unrivalled platform
- Critical mass and national presence
- Diversified by
 - Business segments
 - Geography
- High quality payors and asset-like cash flows
- Low capital expenditures
- Management heavily invested and incentivized

Q4 & Year-End Highlights

- Revenue  to **\$111M** for Q4
- Revenue  to **\$437M** for 2012
- Adj. EBITDA  to **\$9.6M** for Q4
- Adj. EBITDA  to **\$43M** for 2012
- Cash flow from operations of **\$15.3M** for 2012
- Significantly strengthened management team

Critical Hires

CIO – Jim Black (Starts April 2013)

- 15 years experience as a senior IT executive
 - Extensive experience building and overseeing IT programs
 - Focus on transforming organization-wide IT infrastructure
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COO – Chris Dennis (Starts April 2013)

- Significant healthcare industry experience
 - Track record of driving value through operational efficiency, organic growth and brand differentiation
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CFO – Daniel Gagnon (Started February 2013)

- > 30-year career as a financial executive and public company CFO
 - Previous healthcare industry experience
 - Focus on integration, efficiencies and margin expansion
-

Strength of Senior Management Team

	David Cutler	Daniel Gagnon	Chris Dennis	Jim Black
Integration	✓	✓	✓	✓
Cost savings	✓	✓	✓	
Turnaround			✓	
Top line growth	✓		✓	
Financial mgt.	✓	✓		
Systems				✓

Supported by individual segment leads with proven track records

Progress on Business Priorities

- Focus on strengthening balance sheet
 - Medium-term objective to reduce senior debt and total debt ratios
 - Considering alternatives to existing term loan and revolving facility
- Mission, Vision & Values: Rolled-out organization-wide
- Integration:
 - Payroll moved to single provider in December 2012
 - Plan to move to single source benefit provider in Q2 2013
 - Implementation of accounting/finance best practices across organization
 - Systems integration at Motion Specialties
 - Will significantly improve working capital and inventory management
 - Expected payback period of 11 mos. w/ annual incremental benefit >\$1.1M
 - Purchasing consolidation and initiatives
 - Surgical
 - Retail and Home Medical Equipment
 - Pharmacy

Progress on Business Priorities (cont'd)

- Roll out of common Centric Health brand
- Bundled Services continues to generate strong interest from customers
 - Q4 2012 incremental revenue: \$1.2M
 - 66 new contracts since Sept. 30, 2012
- Expanding Orthotics sales into Physiotherapy clinics and Motion Specialties & MEDChair stores
- Launched massage therapy to Physiotherapy clinics in Q4 2012
 - Now operating in >70 clinics

Progress on Business Priorities (cont'd)

Cost Savings and Rationalization

- Completed rationalization initiative in Q4 2012
 - Total terminations of 139 positions
 - Savings (net of impact of new hires and salary increases)
 - Closure of unprofitable Physiotherapy clinics
- Centralization of operational support
 - Calgary office closure: Savings of ~\$0.4M
 - Pharmacy consolidated purchasing driving improved margins
- Other initiatives
 - Working capital management projects initiated, including daily & monthly cash forecasting
 - Improved A/R and inventory targets by division



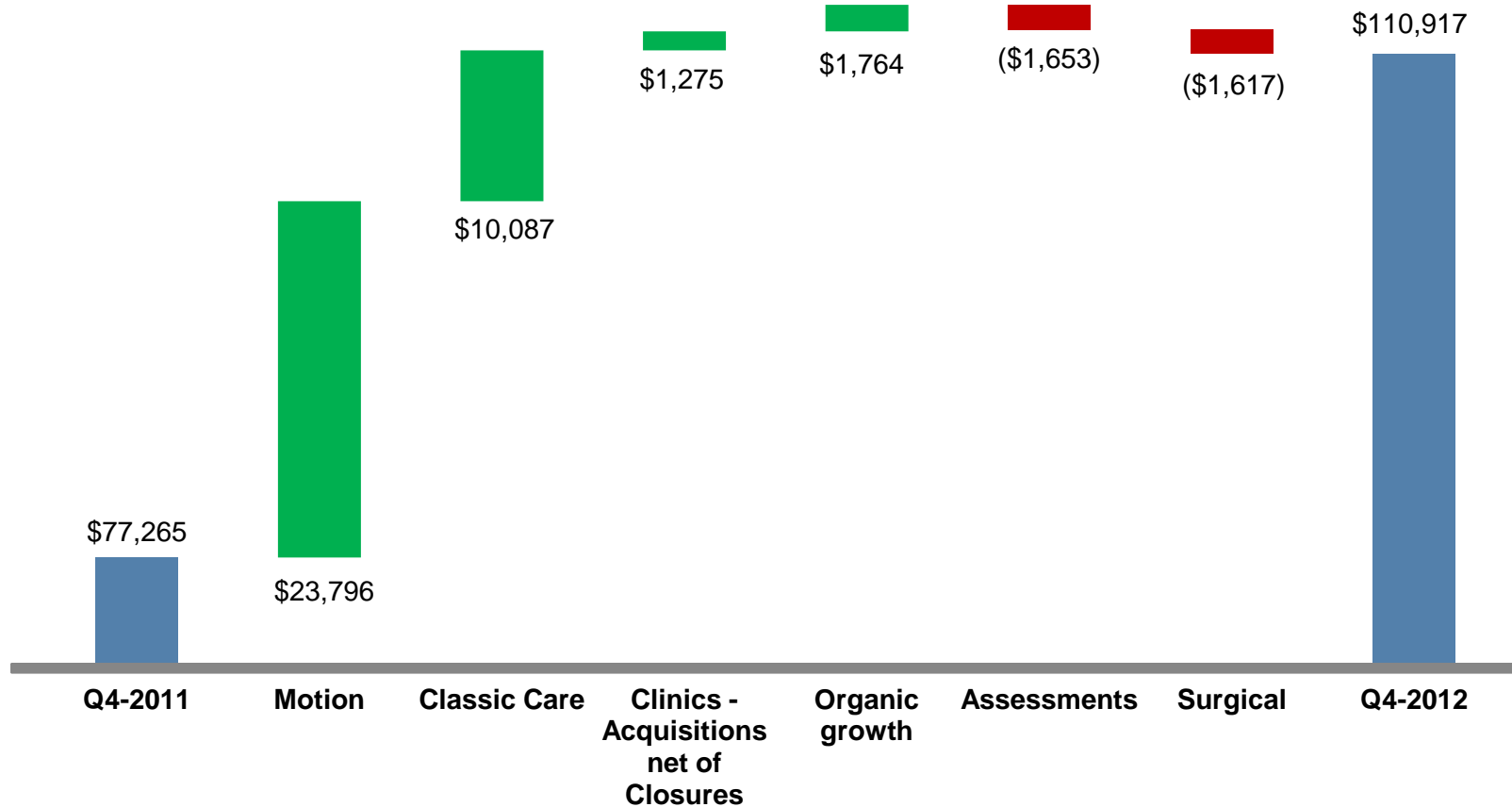
Financial Review

Daniel Gagnon

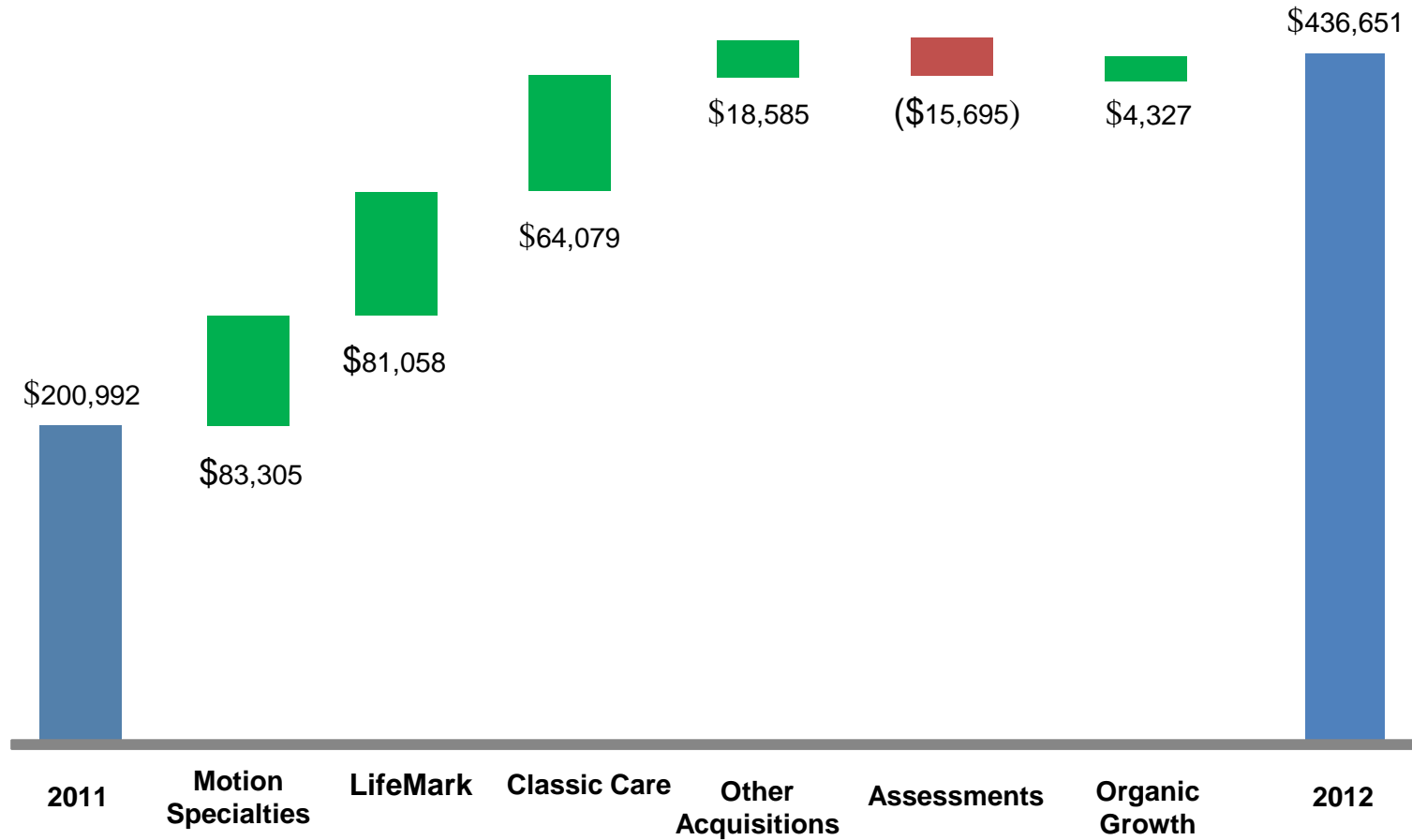
Chief Financial Officer



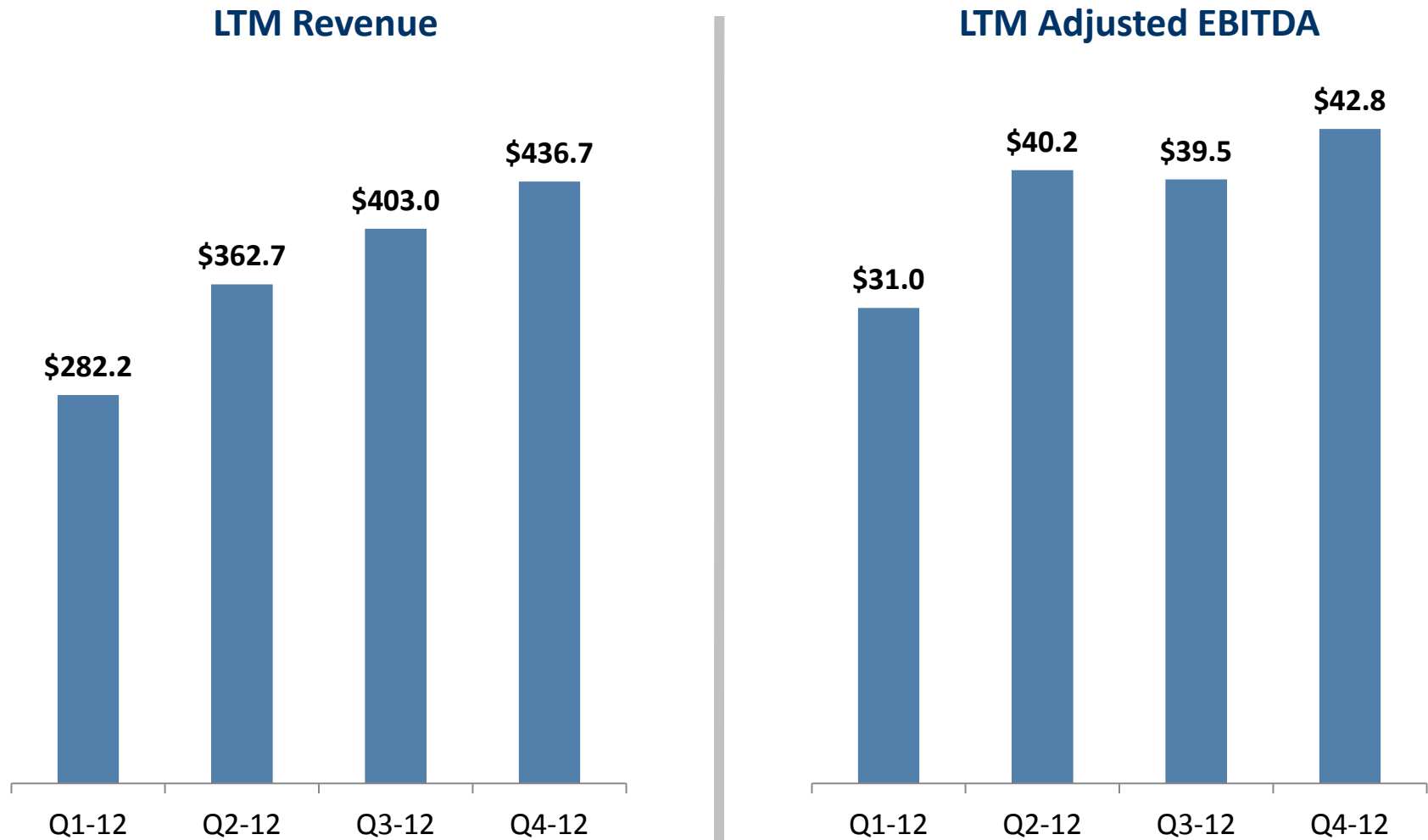
Q4 Revenue Growth



2012 Revenue Growth



LTM Revenue and EBITDA at Quarter End



Segment Results

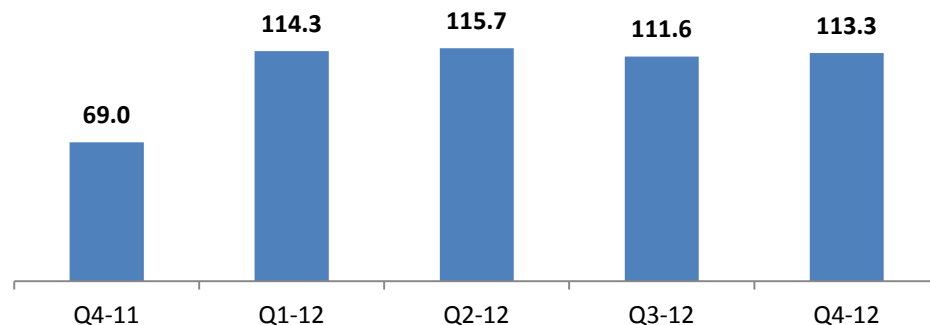
Division	Q4 2012			Q4 2011		
	Revenue	Adjusted EBITDA	Margin	Revenue	Adjusted EBITDA	Margin
	\$M	\$M	%	\$M	\$M	%
Physiotherapy	43.8	5.9	13.6	41.4	7.0	17.0
Pharmacy	23.7	2.3	9.9	13.2	1.1	8.0
Retail & Home Medical Equipment	26.8	1.3	4.9	2.7	0.1	5.1
Assessments	8.8	1.7	19.8	10.6	1.7	16.5
Surgical & Medical Centres	7.8	0.6	7.4	9.4	1.5	15.5
Corporate ¹	-	(2.4)	-	-	(5.1)	-
TOTAL	110.9	9.6	8.6%	77.3	6.3	8.1%

1 – Certain corporate costs allocated to operating segments based on extent of corporate management’s involvement during the reporting period

Growing Asset Base, Declining Senior Debt

Asset Base*

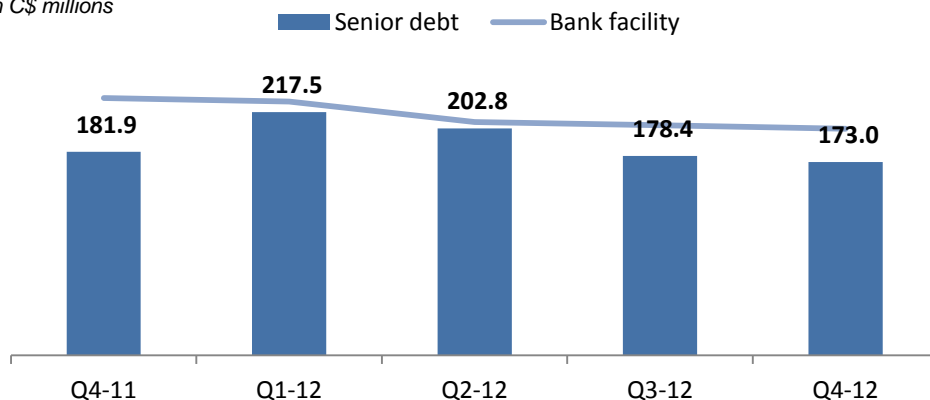
In C\$ millions



*Base assets includes current assets and property, plant and equipment and excludes intangible assets such as licenses.

Senior Debt

In C\$ millions



- Significant asset base growth in 2012 due to acquisition of Motion Specialties
- Approximately \$41.4M of base assets were acquired in Q1 2012 through the Motion acquisition
- Consistent reduction in senior debt in 2012



David Cutler

President & CEO

 **Centric Health**

Evaluation of Business Segments

Business Line	Status	Specifics
Physiotherapy Clinics (Seniors Wellness)	Great	<ul style="list-style-type: none">• 1 – 2% margin expansion• Bundled services
Pharmacy	Great	<ul style="list-style-type: none">• Corporate health plans
Assessments	Stable	<ul style="list-style-type: none">• Restored margins
Home Medical Equipment	Needs Attention	<ul style="list-style-type: none">• Rationalization• Working capital management
Surgical & Medical Centres	Needs Attention	<ul style="list-style-type: none">• 8 new active initiatives

GHIS Consulting Amendment

Key Considerations

- Solid Executive Team & Leaders in place / Centric stage of development / Related party considerations

Key Amendments

- Cancellation of the completion fee
- Waiver of monthly advisory fee (\$100k/month) for the 15 months from Oct. 2012 to Dec. 2013
- Reduction of the monthly advisory fee from \$100k to \$75k/month from Jan. 2014 to June 2015
- Waiver of existing Chairman's compensation of \$200k/annum with effect from Oct. 2012

Benefits

- Cash flow & earnings benefit of \$2.5M over term of Agreement, not incl. prospective completion fees
- Addresses certain related party sensitivities
- Enhances the investment profile going forward
- Continued GHIS involvement – Value Add / Strategic / International Experience

Consideration

- Issue Centric Health common shares from treasury equivalent to \$2.15M (5-day VWAP of shares immediately following announcement of 2012 financial results (maximum 5M shares))
- One-year hold period

Outlook

2012 EBITDA	\$43.0 M
Pro-forma acquisition adjustments	\$ 1.3 M
Office efficiencies and non-recurring costs	\$ 2.1 M
Staffing adjustments	<u>\$ 3.6 M</u>
	\$50.0 M
2013: Plus incremental organic growth	+++

2013 growth more heavily weighted to the back half of year

Q1 2013: Expect incremental growth from Q4 2012



Questions

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Surgical Centres – New Active Programs

1. Centres of Excellence
 - National bariatric
 - Womens urology centre (False Creek)
 - Sinus centres
2. Mother's Choice (CSS)
3. Preferred Provider Network – WCSB (CSS)
4. Public Private Partnership – Outsource (Maples and False Creek)
5. New Technologies
 - Balloon sinuplasty
 - Various Orthopaedic
6. Primary Care Network
7. Triage Assessment Program (Rouge Valley, False Creek)
8. Extended Patient Clinic Network – Medical Tourism Across Provinces
9. Foreign Patients – 2014